

Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EB-07 AID-05 CIAE-00 DODE-00

PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 8051

INFO AMEMBASSY JAKARTA

USMISSION OECD PARIS

UNCLAS THE HAGUE 2345

E.O. 11652: N/A

TAGS: EAID, NL, ID

SUBJ: DUTCH MAY RECONSIDER AID TO INDONESIA

1. SUMMARY: A DUTCH GOVERNMENT DECISION WHETHER TO CONTINUE AID TO INDONESIA WILL BE CONSIDERED LATER THIS YEAR. TOTAL DUTCH AID TO JAKARTA IN 1976 IS 150 MILLION GULDERS (ABOUT \$55 MILLION). END SUMMARY.

2. DEVELOPMENT COOPERATION MINISTER PRONK, RETURNING ON APRIL 27 FROM VISIT TO INDONESIA WHERE HE ATTENDED MEETING OF ASIAN BANKS BOARD OF GOVERNORS, SAID THAT HE WILL SUBMIT A NOTE TO PARLIAMENT IN SEPTEMBER OR OCTOBER EXAMINING WHETHER TO CONTINUE AID TO INDONESIA. THE NOTE WILL CONSIDER THREE CRITERIA:

- A) DOES DEVELOPMENT AID BENEFIT POOREST INDONESIANS?
- B) IS THERE ANY IMPROVEMENT OF HUMAN RIGHTS IN INDONESIA AND PARTICULARLY OF FATE OF POLITICAL PRISONERS?
- C) WHAT HAS BEEN EFFECT OF DUTCH AID IN PAST FEW YEARS?

3. PRONK IS SAID TO BE CONVINCED OF TRUTH OF INDONESIAN GOVERNMENT'S CLAIM THAT IT RELEASED 1,300 POLITICAL PRISONERS LAST YEAR, AND TO HOPE THAT IT WILL BE POSSIBLE TO CONTINUE

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PRESENT POLICY OF HELPING INDONESIA.

4. COMMENT: PRONK IS FULFILLING THE PROMISE, MADE WHEN HE TOOK OFFICE IN 1973, THAT HE WOULD DECIDE DURING THE LIFE OF THIS CABINET WHETHER INDONESIA HAS MET DUTCH CRITERIA FOR CONTINUING ELIGIBILITY FOR AID. WITH ELECTIONS SCHEDULED FOR MAY 1977, PRONK HAD TO ACT SOON. END COMMENT.

5. NETHERLANDS ALLOCATION OF AID TO INDONESIA FOR 1976 IS 150 MILLION GUILDERS (ONE DOLLAR EQUALS 2.69 GUILDERS), OF WHICH 125 MILLION IS A LOAN ON SOFT TERMS AND 25 MILLION A GIFT OF TECHNICAL ASSISTANCE. LAST YEAR DUTCH AID AMOUNTED TO 150 MILLION GUILDERS (110 MILLION LOAN, 25 MILLION TECHNICAL ASSISTANCE, AND 15 MILLION GIFT).

6. THE 125 MILLION GUILDER LOAN IN 1976 WILL BE USED TO FINANCE A SERIES OF PROJECTS, INCLUDING PROGRAMS TO BOOST EMPLOYMENT IN RURAL AREAS (13.5 MILLION), TO IMPROVE THE WATER DRAINAGE SYSTEM IN JAKARTA (18 MILLION), TO EQUIP SEVEN DISTRICT HOSPITALS IN WEST AND CENTRAL JAVA (27 MILLION), AND TO PURCHASE A DREDGER (28 MILLION). THE REMAINDER HAS BEEN SET ASIDE FOR A PROJECT IN THE AGRICULTURAL SECTOR, A DEVELOPMENT PLAN IN WEST JAVA AND WATER SUPPLY PROJECTS IN THREE SMALL CITIES. THE TECHNICAL AID WILL BE FOR TRANSMIGRATION, WATER SUPPLY, RURAL HOSPITALS, THE DAIRY INDUSTRY, AND THE CONSTRUCTION OF INEXPENSIVE DWELLINGS. FINALLY, INDONESIA WILL BE GIVEN LITERARY WORKS AND SCHOLARSHIPS FOR STUDY IN BOTH INDONESIA AND HOLLAND.

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